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SIPDIS

DEPT FOR EB A/S ANTHONY WAYNE; SA/INS FOR J. BRENNIG, N.
DEAN; PLEASE PASS TO TSUNAMI RECONSTRUCTION TASK FORCE;
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SENSITIVE

E.O. 12958: N/A

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SUBJECT: SRI LANKAN POST-TSUNAMI RECONSTRUCTION UPDATE (JULY 13, 2005)

1. (U) This cable provides information for the July 13, 2005 post-Tsunami IAWG meeting.

Maldives Update

2. (SBU) The Government of Maldives (GORM) informed Econoff that Riluwan Shareef, Executive Director of the Ministry of Finance, met with the Ministry of Planning on July 12 and they have identified four harbors that they plan to rebuild with USG assistance. In addition, the Planning Ministry has given a July 17 deadline to the line ministries for submitting details on these projects. Pathmath Nuzuha, Assistant Undersecretary of External Resources Management at the Ministry of Finance and Treasury promised that GORM would forward all details at that time. Econoff has requested that the GORM provide a list of programs detailing purpose, justification, budgets and benchmarks for what GORM hopes to accomplish with USG assistance.

3. (U) Embassy is analyzing the draft of the Maldives bilateral agreement sent on July 12 from Washington. We envision three parts in the monitoring process. Embassy personnel could conduct periodic site inspections to assure that progress is being made. However, audits (financial and technical) will require outside personnel. Embassy is still assessing what its administrative costs will be in monitoring the programs. Embassy would appreciate clarification on the following:

--What auditing procedures will be required? For example, do we need to do a pre-implementation audit?

--When is the deadline for the expenditure of these funds?

--Could Embassy Colombo hire a local or international contractors to audit national fund activities, rather than using auditors from Washington?

--What are the monitoring obligations of Embassy Colombo, especially pertaining to the technical aspects of the projects? For example, could we hire a local engineer to ensure that the projects implemented by the Maldives meet technical requirements?

--However these tasks are accomplished, they will require funding. We assume these funds will come out of the tsunami appropriation, but need to know how to describe that in the agreement and how funds for administrative expenses will actually be handled. We understand that USAID does this routinely in its bilateral agreements.

Sri Lanka: Housing Update

4. (SBU) During the July 7 biweekly TAFREN/Limited Donor meeting, Tiluk Ranaviraja, the head of TAFOR (Task Force for Relief), stated that 41,009 transitional units have been completed and affirmed that it had the capacity to build up to a total of 50,000 units without difficulty. However, Ranaviraja acknowledged that 15-20% of the temporary housing is not up to Government of Sri Lanka (GSL) standards and will need to be upgraded. The representative from the Asian Development Bank (ADB) argued that they estimate 30-40% of the housing is substandard. All of the major donors such as the ADB, the World Bank and the United Nations Development Programme (UNDP) also raised concerns that the government was not taking enough initiative to solve remaining problems including upgrading housing and repairing auxiliary services such as sanitation and water. There are additional worries that there will be an even greater demand for temporary housing when people currently living with host families decide that they also want housing. Regardless, Ranaviraja confirmed that he was going to report that he has fulfilled his job as head of the transitional housing task force, but stated that he would recommend that the government continue to address the lingering problems.

5. (SBU) USAID Mission Director Carol Becker confirms that most families needing transitional housing have now received it, but that the transitional housing phase of

reconstruction cannot be considered completely over given quality issues. USAID teams continue to regularly monitor the quality of transitional housing completed with USAID funds.

Uninhabited Tsunami Tents

16. (SBU) Recently, media reports have claimed that people are still living in tents rather than government and NGO provided temporary housing. Ranaviraja investigated these charges and maintains that the media was using old photos, and people who are still living in tents are there for political purposes. The ADB representative also investigated these charges and confirmed that anyone who wants temporary housing has it at this point. Carol Becker also stated that some people are still staying in the tents because they believe that this will ensure that they receive aid in the future.

Permanent Housing

17. (SBU) According to the GSL, 212 MOUs have been signed with donors to build 33,000 permanent housing units. TAFREN claims that construction work has already started on 5,000 units and 15,094 households have received their first installment of Rs 50,000 (\$500) to rebuild damaged houses outside the buffer zone. Participants at the July 7 TAFREN/Limited Donors meeting largely agreed that the success or failure of the permanent housing program would largely determine how the people view the whole Tsunami effort. A possible future problem is that some NGOs that promised to build houses have now disappeared and may no longer exist. Jeevan Thiagarajah of the Consortium of Humanitarian Agencies (CHA) argued that the government must investigate the intentions of numerous NGOs that have yet to follow through with housing.

Eminent Domain

18. (SBU) Obtaining land through eminent domain is fast becoming a major bottleneck in the Tsunami Reconstruction efforts. The 100m/200m buffer zone restriction has created demand for land for the rebuilding effort. NGOs complain that they cannot build houses until the government purchases new land or finds a way to distribute public lands. Some NGOs have been asking the government for months to obtain this land for them, but the GSL has failed to do so in a timely manner.

The New Vertical Buffer Zone

19. (SBU) According to local press reports, the Director of the Coast Conservation Department Mr. R.A.D.B. Samaranayake has said that the government has decided to permit rebuilding within the 100/200 meter buffer zone in areas located 3 meters above sea level in tsunami affected areas. This would represent an easing of the GSL's earlier decision to strictly prohibit new construction within 100 meters of the coastline. There is currently no information available regarding how many people this ruling will affect since it is not known how much of the affected area is 3 meters above sea level. There has not yet been any official announcement on modifications to the buffer zone.

FEMA to the Rescue

10. (U) Embassy Colombo delighted to hear that FEMA is able to make available Ms. Chris Jonientz-Trisler. We will now work to put together the team from USGS, OFDA and FEMA to allow us to have input into the GSL deliberations on the buffer zone.

Debt Relief

11. (U) Embassy received the draft of the bilateral agreement for debt relief in Sri Lanka. Econoff is forwarding the bilateral agreement to Dr. Jayatissa, Assistant Governor of the Central Bank and Mr. Jayamaha, Deputy Director General, External Resources of the Sri Lankan delegation for their review.

Supplemental Spending Measure and Tsunami Relief

12. (SBU) We hope to sign the bilateral agreement (SOAG) with the GSL this week, but are still awaiting resolution within AID Washington of how to handle OTI funds. As far as we can understand, this is largely an accounting issue and should be able to be resolved quickly.

13. (SBU) Comment: For the most part, Sri Lanka's temporary housing phase of the Tsunami rebuilding effort is complete. However, the transition from temporary housing to permanent housing is going to be very difficult for the GSL. It will take close coordination between ministries within the government and with the international community to satisfy all stakeholders. Reconstruction is now entering a critical

junction that will determine the political success of this endeavor. With regard to the Maldives, it is likely that fatigue and human resource constraints have caused the delayed response from the GORM. The Ambassador will be visiting the Maldives next week and will discuss Tsunami rebuilding issues.

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